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SANTA CLARA
Valley Transportation Authority

Date: June 8, 2005
Committee Meeting Date: N/A
Board Meeting Date: June 16, 2005

BOARD MEMORANDUM ACTION X DISCUSSION ___ INFO ___

TO: Joe Pirzynski – Chair
Cindy Chavez – Vice Chair

CC: Santa Clara Valley Transportation Authority
Board of Directors

FROM: Boardmember Ron Gonzales

SUBJECT: Long-Term Capital Expenditure Plan

RECOMMENDATION

I recommend that the Board be asked to direct staff to develop a long-term capital expenditure plan based on a series of *draft* parameters approved by the Board. In addition, I suggest that all city groupings should be encouraged to review opportunities for savings or additional revenues related to Measure A projects, particularly those projects that will be located in their jurisdictions.

By giving staff a set of assumptions and draft parameters, the Board would be committing *only to discuss the resulting draft plan* and then provide further direction to staff. However, I hope the new plan that emerges from these draft parameters I am proposing will create opportunities to identify as many "wins" as possible, as soon as possible, for as many of our region's jurisdictions as possible. If that objective can be achieved, it should lead to the adoption of a long-term expenditure plan the Board and our communities can support and work hard to implement.

Staff should bring a draft plan to the Board for its consideration and further direction at our meeting on September 1, 2005.

DISCUSSION

For several months the Board has had the opportunity to review and discuss several potential scenarios for long-term capital expenditures. I believe it is now time to propose specific ideas that will facilitate this discussion and help staff to develop a long-term capital plan, based on a ¼-cent sales tax increase, which will accomplish these goals:

1. Maintain and expand current bus, light rail, paratransit, pothole repair and road maintenance services; and

2. Construct and operate as many of the Measure A projects, including the full BART project, as soon as possible.

The draft plan should also look at opportunities to advance the construction timelines for as many Measure A projects as possible so that residents throughout the entire region see benefits of additional transportation infrastructure and capacity sooner rather than later.

To achieve these objectives, I recommend that the Board adopt a series of *draft* parameters to guide staff's efforts. I believe the draft parameters should be based on three primary factors:

1. The 71 percent voter approval of Measure A in 2000;

2. Comments VTA staff received from the cities and the County during staff's recent presentations of a long-term expenditure term plan; and

3. The results of the recent survey conducted by Jim Moore of Moore Methods that showed continuing strong public support for the Measure A program. The survey was commissioned by the Silicon Valley Leadership Group, South Bay AFL-CIO Labor Council, San José/Silicon Valley Chamber of Commerce, Santa Clara and San Benito Counties Building and Construction Trades Council, Association of General Contractors, California Alliance for Jobs and the Consulting Engineers and Land Surveyors of California.

In addition, all city groupings and the County should be asked to help staff achieve the objectives by reviewing opportunities for savings or revenue enhancements in Measure A projects, particularly those projects that will be located in their jurisdictions.

I also recommend that the Board *not* develop a long-term capital expenditure plan based on a "no new sales tax" scenario at this time. Staff has made it very clear that VTA needs some increase in revenues to maintain current services and to implement the Measure A program. I believe there will be ample time for the Board to develop a plan based on a no-new-sales-tax scenario if and when voters make that option more apparently necessary than is currently the case.

My hope is to encourage the development of a plan that the Board can support. As we head towards 2006, I believe now is the time for the Board to work toward a consensus for a long-term expenditure plan so we can begin to focus on working together to implement that plan.

The Board should ask staff to bring a draft plan back for Board consideration and further discussion at its September 1, 2005 Board meeting.

Assumptions and Draft Parameters

In developing the expenditure plan, staff should be asked to apply a series of assumptions and *draft* parameters approved by the Board. These draft parameters are my current best guess on guidelines that staff could use to develop a draft plan that may lead to Board consensus. With this direction, the Board is committed *only* to discuss the draft plan that returns. It is my hope,

however, that the new plan will lead to the adoption of a long-term expenditure plan the Board can support and implement later this year.

With that major caveat, I recommend the Board authorize staff to use the following assumptions and draft parameters in developing a new draft expenditure plan:

1. Assume a ¼-cent increase in the sales tax revenue.

2. Continue to move the BART project forward as the priority project on an optimum schedule for construction and operations.

3. Reduce the number of BART stations in downtown San José by one station by combining the Civic Center and Market Street stations (estimated potential savings: $100 million).

4. Continue to look for additional construction cost savings on the BART project.

5. Upon completion of the ridership modeling studies, consult with BART staff to consider phasing in rolling stock for BART operations as ridership increases. This would mean potentially buying additional rolling stock as ridership demand grows. In the meantime, any identified capital and/or operating savings in the early years of service should be used to build or operate other Measure A projects (estimated potential savings: unknown).

6. Bring both light rail and bus rapid transit options forward for consideration in the EIR of the Downtown East Valley (DTEV) project. Both full and partial light rail options need to be brought forward for consideration. If there are cost savings in the project, they should be used to advance the construction and/or operation of projects in other areas of the region (estimated potential possible savings: $50-200 million). However, if there are any savings after a mode option is selected, San José will need to have assurances that adequate capital funding will be retained to construct the selected mode option before those savings are re-allocated to other projects.

7. Defer constructing and operating the Airport people mover until at least 2020 unless other funding is identified outside Measure A.

8. Provide an ongoing level of funding for Caltrain capital and service upgrades from the beginning of the Measure A 30-year program.

9. Begin Caltrain electrification once San Francisco and San Mateo counties can demonstrate they have secured and committed their shares of the project's funding. If they have not secured their shares of the projected costs by 2016 (ten years after the beginning of the Measure A program), this funding should be re-allocated to other Measure A projects ready for construction except BART (possible estimated potential savings: $300 million).

10. Assume VTA will meet its commitment to the Dumbarton rail corridor.

11. Assume there will be only (instead of *at least*) two new Light Rail Transit extensions as promised to voters in Measure A (estimated potential savings: $100-400 million).

12. Consider Bus Rapid Transit in proposed LRT extension corridors where appropriate.

13. Assume extension of light rail only to Eastridge in the DTEV project. Consider any future extension to Nieman and beyond for separate funding as a potential new LRT extension.

14. Use any identified Measure A savings to the extent possible to advance the timeline for constructing as many Measure A projects as possible (except BART).

15. Continue and expand scrutiny of current VTA operations to identify opportunities to better serve Measure A program objectives.

16. Allow any revenues generated by local land development opportunities that can add value to VTA properties to remain within the generating jurisdiction to be applied to transportation improvements within that jurisdiction as a reward for transit-oriented "smart growth" development.

Using these draft parameters, I believe we may be able to re-allocate between $250 million and $1 billion, and perhaps more, of available resources to get higher priority projects constructed and in service sooner. A more detailed look by staff should yield a more accurate estimate. I recommend that the Board direct staff to prepare a practical expenditure plan using these assumptions and draft parameters and bring the resulting plan forward for Board discussion at its August 5 Board meeting.

Building Board consensus on a long term expenditure plan for the region will require a big picture, long-term perspective, and an open mind to possible solutions we might not have previously considered. This proposal requires equitable sacrifices throughout the region to achieve as many benefits as possible for as many jurisdictions as possible as soon as possible.

As can be seen from the proposed parameters contained in this memo, San José will be prepared to do its part to facilitate regional consensus on an expenditure plan. However, we cannot be the only jurisdiction willing to consider re-allocating resources for the region's benefit. Other jurisdictions will also have to be prepared to make real contributions to reach the regional consensus we will need to deliver as much as we can to the voters as soon as we can.

I am asking the Board to engage in a discussion process with the singular goal of producing an expenditure plan the Board can support that will serve the wide range of transportation interests throughout our region.

MICHAEL THOMAS BURNS

WORKHISTORY:

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY 7/2002 – present
San Francisco, CA

Executive Director

Responsible for the San Francisco Department of Parking and Traffic, Parking Authority and Municipal Railway. In addition to San Francisco Municipal Railway as described below, also responsible for all parking management and enforcement, planning, parking garages, and transportation policy. 5,100 total employees, $590 million annual operating budget, and $220 million annual average capital budget. Defined and implemented a consolidated organizational structure to improve coordination and service delivery and to improve efficiency.

SAN FRANCISCO MUNICIPAL RAILWAY 4/1999 – 7/2002 San Francisco, CA

General Manager
Responsible for all aspects of the San Francisco Public Transportation system including a $450 million dollar annual operating budget, approximately $200 million per year in capital construction, 4,200 employees represented by 17 unions, serving 720,000 passenger trips per day. Represents San Francisco as a member of the Caltrain Joint Powers Board (Chairman 2000, 2001) and the Transbay Terminal Joint Powers Authority. Led a major turnaround of the nations 7th largest transit system while improving safety and reducing workers' compensation claims.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY 3/1996 – 4/1999
Philadelphia, PA

Chief Operations Officer 3/1996 – 4/1999
Responsible for all aspects of Operation and Maintenance of SEPTA'S five-county multi-modal transit system, including city and suburban bus services, trackless trolleys, light rail and subway lines, a major regional commuter rail system, paratransit services, and contract operations. Service is provided for approximately 1 million customer trips per day, utilizing 8,000 employees represented by 17 labor unions, with 2500 vehicles operating over 200 routes at an annual operating budget of $700 million.

Assistant General Manager 11/1994 – 3/1996

Railroad Division
Responsible for all aspects of the operation of SEPTA's Commuter Rail system consisting of thirteen lines, $122 million per year operating budget, 1,600 employees represented by eleven collective bargaining units and 500 track miles. The system carries approximately 22 million customers per year in a mixed fleet of 304 electric Multiple Unit cars and 35 Push-Pull coaches propelled by 7 SEM-7 electric locomotives. Major achievements include:

Managed Commuter Rail service during fourteen days City Transit Division Strike. Ridership increased by 50% (from 90,000 to 130,000 daily riders). Provided excellent service that received much positive response from riders, the media and the region in general.

Reorganized the entire Division from a functionally based structure to a product based structure. Reduced senior management staff by 10% while increasing customer service.

Successful management on a day-to-day basis of a complex operation with equipment that averaged 20 years old, infrastructure in a wide range of conditions, tight operating and capital budgets, a strongly unionized work force and a demanding customer base. Work during the year contributed to SEPTA receiving APTA's Transit System of the year award (with NJ Transit for the first time since the award was established.

Managed Commuter Rail service during the Blizzard of 1996. Commuter Trains operated when other forms of transportation were not practical. SEPTA received praise from the City administration, press and customers for its performance during these extreme conditions.

Lead contact person and negotiator with Amtrak, CONRAIL and state DOT's. Successfully negotiated a new agreement with the State of Delaware for service to Wilmington.

Service maintained at a high level of 93% on-time performance for 725 trains operated per day.

Chief Mechanical Officer
Responsible for rail back shop operation including five shops. Also responsible for all rail engineering and vehicle procurement projects. Department contained 320 employees, $32 million operating budget and a capital budget of $350 million.

Primary focus was to develop a more productive relationship with SEPTA's major car builder (ABB Traction, Inc.) and affect a more disciplined Engineering staff.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY 1984 – 1994
Boston, MA

Assistant General Manager for Railroad Operations 1992 – 1994
Responsible for all aspects of planning, directing and monitoring the operation of the MBTA Commuter Rail System. Total budget of $100 million, including a $90 million service contract with Amtrak.

Responsible for development and implementation of policies and procedures for the Railroad Operations Directorate. Responsible for all activities associates with the operation, planning, and maintenance of the Commuter Rail System including:

Defining daily service standards and safety measures for the 11 Commuter Rail lines serving 76,000 daily riders in the region.

Ensuring that maintenance plans and preventive maintenance programs are implemented for the Commuter Rail fleet of 304 coaches and 52 locomotives delivering over 2.7 million miles of service annually.

Implementing policies and procedures for procurement and maintenance of rolling stock and infrastructure valued at one billion dollars.

Directing and negotiating contracts with Amtrak, Conrail and other operating railroads, maintaining union/management relations, analyzing labor contracts, and establishing goals and objectives.

Supervising, through five divisions, the activities of 1,100 contract employees and 40 MBTA staff.

Chief Mechanical Officer, Heavy Rail 1/1990 – 1/1992
Responsible for setting policy, planning and directing the efforts of 615 employees represented by 13 collective bargaining units;.

Responsible for all aspects of the operation of the Heavy Rail Equipment Maintenance Department (HREM) of the MBTA encompassing:

Defining, developing and implementing maintenance plans and preventive maintenance programs for the MBTA's 408 rapid transit vehicles delivering over 17 million miles of subway service annually.

Establishing goals and objectives, identifying staffing plans and obtaining resources, monitoring service performance, labor relations, privatization initiatives, and staff recruitment and development.

Five (5) separate facilities located in South Boston, Medford, East Boston, Dorchester and Braintree, providing maintenance for the MBTA's rapid transit fleet.

The Main Repair Shop at Everett containing 130,000 square feet. This facility

supports all rail rolling stock (620 vehicles including light rail vehicles) Maintenance through the design, manufacture, repair and overhaul of over 70,000 components per year.

The Automotive Repair Shop at Everett containing 120,000 square feet. Work includes overhauling bus engines, transmissions and other components and performing all bus body repair and refurbishment for the MBTA's 1,100 buses.

Responsible for an annual operating budget of $37 million. Also responsible for capital projects ranging from equipment modifications, upgrades and purchases to work car procurements.

Major accomplishments included:

Consistently providing greater than 100% revenue vehicle availability for all services.

Improved subway service reliability by 33%.

Reduced overtime hours by 70%.

Maintained actual expenditures under budget.

Increased revenues significantly through expansion of efforts to perform maintenance and overhaul work for other transit properties.

Reduced workable bus backlog to 60 buses, a ten-year low.

Reduced Absenteeism and Time Lost to Workmen's Compensation by 30%.

Maintained sound Union-Management relations while instituting change and reducing costs.

Deputy Chief Mechanical Officer and Chief of Staff 1989
Responsible for budget preparation and control, human resources, labor relations, engineering and quality assurance, management information systems, special projects, and training. Responsible for the direction of the direction of the staff of the Chief Mechanical Officer. Staff totaled forty (40) people.

Responsible for the day-to-day operation of the largest satellite repair facility (Cabot Shops) in the department for six months. Significantly improved productivity and performance, employee morale and service reliability.

Developed and initiated management action to reduce overtime.

Supervised the implementation of a component exchange system between the Everett repair facility and satellite maintenance locations, resulting in savings in

material costs.

Served for two months as Special Assistant to the General Manager during a transition period. Responsible for Executive Office liaison with organized labor and management. Assisted with development of marketing and public relations efforts and with the definition of a new organizational structure.

Manager of Operations Planning 1985 – 1989

Responsible for the Operations Planning Unit of the Operations Directorate. Responsibilities included: short and long range operations and capital plan preparation; implementation of computer systems; physical facility planning; and preparation of Requests for Proposals. Management of a staff of seven, plus consultants hired for specific projects. Served as Project Manager on a wide range of special projects.

Completed and presented several special requests for Senior MBTA Management, the General Manager, board of Directors and Advisory Board. Also attended several public meetings representing the MBTA on a wide range of issues.

Major work activities, responsibilities and accomplishments:

Southwest Corridor Opening – Lead responsibility for preparation of the Southwest Corridor Operating Plan, contributing significantly to the successful opening and operation of the Southwest Corridor, a $750 million rapid transit extension.

MCRS – provided design requirements and coordinated the successful implementation of a $3 million maintenance Management Information System with over 400 users. Several prior attempts had failed.

Special Needs Planning – Prepared an Operations Manual; analyzed "THE RIDE" para-transit service improvement options, and managed to completion of a Light Rail Wheelchair Accessibility Feasibility Study in cooperation with special needs advisory and support groups.

Capital Planning – Coordinated projects required to support new vehicle acceptance, provided liaison to Construction Directorate on major construction programs, forecast future fleet requirements, and completed needs analysis for maintenance and storage facilities.

GEORGE BEETLE COMPANY 1981 – 1984
Philadelphia, Pennsylvania

Project Manager

Project management responsibilities for local and federally funded studies and analyses of transportation related issues and problems. Responsibilities included

marketing of company capabilities and business development, proposal preparation and presentation, project oversight including coordinating work by sub consultants, performing analysis as required, report preparation and client communications.

Examples of work successfully completed included:

Assessment of Red Line signal system design modifications to support 3-minute headways for the MBTA

Analysis of public transit improvement alternatives for the cities of Dayton, OH, and Lansing, Michigan

Operational analysis to support extension of the MARTA rail system in Atlanta, GA

Operations and cost analysis for transit options being studied in Sacramento, CA, and Los Angeles, CA.

PENN CENTRAL CORPORATION 1976 – 1981
Philadelphia, PA

Field Engineer 1979 – 1981
Responsible for asset disposition projects that produced over $40 million in revenue; Responsibilities included inspection and valuation of materials, marketing and sales, contract negotiation and preparation. Position required direct contractor supervision and extensive travel throughout the eastern United States.

Office Engineer 1976 – 1979
Reviewed and approved utility crossing plans, assisted in preparation of reports used by senior management for internal audit and review purposes; prepared invoices and pursued payment from contractors.

LOUIS T. KLAUDER AND ASSOCIATES 1974 – 1976
Philadelphia, PA

Cost Engineer
Reported directly to Assistant Vice President of Operations, Penn Central Transportation Company. Responsible for coordinating the preparation of an inventory of assets to be used as a database in valuation litigation. Also assisted

on several transportation studies by preparing revenue and cost estimates for operations, maintenance and capital investment requirements.

EDUCATION:

B.S., Business Administration, Drexel University Philadelphia, PA	1978
Managing Across Functions Program Northeastern University Boston, MA	9/1990 – 12/1990
John F. Kennedy School of Government Program for Senior Executives Harvard University, Cambridge, MA	5/1989
HAAS Business School Executive Management Program University of California at Berkeley	10/2001

ACCOMPLISHMENTS, APPOINTMENTS, AND AWARDS:

Trustee, MBTA Executive Deferred Compensation Program	1992-1994
Chairman, SEPTA Combined Charities Fund Raising Drive	1997
Leadership Philadelphia Class	1996
Caltrain Joint Powers Board of Directors	1999 - present
Chairman, Caltrain Joint Powers Board of Directors	2000-2001
Director, Transbay Terminal Joint Powers Agency	2001 - present
American Public Transit Association Board of Directors	1999 - present
Director, ENO Transportation Foundation	2002 - present
Cabinet Member, American Heart Association, Heart Walk	2002
Metropolitan Transportation Commission, Grand Award	2002
Bay Area Air Quality District, Clean Air Champion Award	2002